



**Annual Report and Accounts**

**For the year ended 31 March 2022**

**Institute of Integrated Systemic Therapy**

Company number: 01708301

Charity number: 286909

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# Our Vision, Mission and Aims

## Our Vision

To be the leading provider of therapeutic care, education and treatment for children and young people who have experienced early childhood trauma.

## Our Mission

To transform the lives of children and young people who suffer severe emotional and psychological difficulties, so that they can relate well to others and fulfil their potential.

## Our Aims

Our aim is to continue to evolve and grow our mission, and to further develop our therapeutic approach, to better meet the needs of our beneficiaries and to maintain long-term sustainability.

We aim to continue to develop our clinical capabilities and positioning to meet the needs of the most traumatised children and young people, whose needs can be met by very few providers.

We aim to continue to demonstrate a unique capacity to create and sustain a group of therapeutic communities for traumatised children and young people. We therefore recognise an obligation to grow our provision and extend its scope to deal with unmet needs. We plan to play our part in better meeting the needs of seriously traumatised children and young people by:

- a) increasing the capacity and number of residential placements and special school places that we provide;
- b) influencing relevant national policies on behalf of children and young people who suffer serious emotional and psychological disturbance as a result of their life experience;
- c) expanding our psychotherapeutic training programmes and extending our capacity and reputation for clinical excellence; and
- d) raising development funding by undertaking targeted appeals for capital developments.

## The Charity

The charity's origins can be traced to 1919, with the foundation of Park House, a Training School for Jewish Boys in Middlesex. In 1947 the school relocated to Peper Harow House in Surrey, evolving in the early 1970s into a pioneering therapeutic community for troubled adolescents, which established the therapeutic values for which the charity is now renowned. Since then, several therapeutic communities and schools have been created and outreach work of various kinds has been undertaken to meet the needs of the day.

## Integrated Systemic Therapy

This unique psychotherapeutic approach was developed over 40 years. It aims to heal serious emotional and behavioural trauma, transforming young lives.

iST is rooted in therapeutic tradition and accredited by the UKCP (United Kingdom Council for Psychotherapy). All our staff are fully trained, assuring all children receive 24/7 therapeutic care.

iST provides unconditional presence to behaviours caused by extreme distress, within a safe family environment. Children learn to safely process emotion and relate to others. The aim is a return to mainstream or foster family life.

## The Institute of Integrated Systemic Therapy (IIST)

In 2015 Childhood First changed its name to The Institute of Integrated Systemic Therapy to reflect its special status as a clinical training and research organisation. Accordingly, we adapted and refreshed our 'brand identity' to reflect the seamless integration of our care, education, training and research. We continue to deliver our therapeutic services for children under the name of Childhood First.

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## Chair's Introduction

Welcome to our 2021/22 annual report. I am delighted to have the opportunity to introduce myself as the new Chair of Trustees for the Institute of Integrated Systemic Therapy.

Following my election on 14<sup>th</sup> September 2021, I, together with the new Chief Executive, Gary Yexley have worked to guide the charity through, what can only be described as a period of significant organisational change. As well as a new Chair of Trustees and CEO, the charity has also welcomed a new generation of executive officers covering the roles of finance, business development, training, operations and safeguarding, whilst also welcoming some new and valuable trustees to the board.

Like many other charities and organisations, we have this year adapted to life after the Covid-19 pandemic, and I remain impressed with the adaptability, agility and resourcefulness of our staff who have remained so committed to the care of the children. Thank you for all your hard work.

In our continuing efforts to support traumatised children and young people, in August 2021 we opened a new therapeutic community home in Kent, Oakwood House. This new, initially four bedded home for young people aged 11-17 years old continues our commitment to providing first class care, education and treatment to children and young people suffering from early childhood trauma.

As chair, I am committed to ensuring that all of our services provide the highest level of safeguarding and as such have welcomed the completion of a full organisational safeguarding review. Following the review, the charity will be implementing a number of recommendations, including an audit of safeguarding training needs across the organisation to ensure that our safeguarding processes and training goes beyond the statutory minimum.

As well as reviewing our safeguarding processes, we have also re-committed to ensuring that our organisation has the support and processes in place so that children, young people and staff can 'speak up' with any concerns, that they will be listened to, believed, and that the right actions will be taken.

Our homes including our new home, Oakwood House have continued to demonstrate a high level of compliance with our statutory requirements with four out of our five homes and our school receiving Ofsted inspection ratings of 'Good' or 'Outstanding'. In May 2021, our remaining home received a rating of 'Requires Improvement to be Good' and subsequently an interim rating of 'Improved Effectiveness' in January 2022. This, before returning to a rating of 'Good' in May 2022, following a full Ofsted inspection.

Our Graduation took place this year in July 2021 and again celebrated the achievements of all of our staff and trainees who, even despite the added difficulties throughout the pandemic were able to complete their studies and achieve their UKCP accredited psychotherapy qualifications.

As we look forward to the coming year, the charity is beginning to explore its plans for the future. This will include consulting with our staff and other stakeholders to ensure that the services we provide for children and young people remain at the leading edge of innovation and expertise. We will be engaging in a variety of events and initiatives to canvas views on the services we provide with the intention of developing a new five to ten-year strategic plan by the end of 2022.

Once again, thank you for taking the time to read our annual report and I look forward to updating you again on our progress next year.



Dr Henrietta Hughes OBE  
Chair of Trustees

# Trustees' Report

## Our Achievements and performance

We are here to help severely traumatised children. We provide specialist 24/7 treatment for complex psychological, emotional and behavioural issues.

We do this in the following ways:

- a) Delivering therapeutic effectiveness.
- b) Sustaining service growth.
- c) Applying our external profile and influence.

We are reporting our achievements for 2021/22 against these below.

### Delivering therapeutic effectiveness

As our organisation began to emerge out of the Covid-19 pandemic, we like the children's social care sector were adjusting to how the last year had impacted on the demand for our therapeutic services.

The delay in children and young people being able to move on during the pandemic created a year in which a higher number of placements ended and began. This placement 'churn' resulted in a high than usual number of new arrivals and leavers which required us to demonstrate our expertise in admitting and preparing children and young people for the next step on their life journey.

#### **Our aims for 2021/22 were to:**

Treat troubled children safely and effectively in iST-based residential, foster care and related services.

#### **What we achieved in 2021/22**

Despite the ongoing challenges of the pandemic, we purchased, registered and opened a new home in Kent, Oakwood House. This initial four bedded home for 11 to 18 year olds enabled us to continue our commitment to delivering and developing another high quality therapeutic service. This new service received a 'Good' rating at its first Ofsted inspection during the year.

As a result of this new development, the capacity of our homes now allows us to accommodate 41 children and young people covering the age range from 5 to 18 years old. We set a target to average 33.80 placements or 82% of capacity and averaged 32.8 placements which was 84% of the increased capacity with three of our homes on average more than 88% full.

All of our homes with the exception of one was rated either 'Outstanding' or 'Good' by the regulator Ofsted. The Gables House in Kent received a downgraded inspection rating of 'Requires Improvement to be Good' in May 2021. This rating reflected the impact of the development of the new home in Kent, which unexpectedly led to an unforeseen change in leadership within the region. The consequences of this disruption were anticipated within the budgeting and placement targets that were set for the home for this financial year. This prudent approach allowed for a new leadership team to be created and improvement of the Ofsted rating within the financial year and subsequently to be restored to 'Good' in May 2022.

We had already planned to pause our fostering service because of the pandemic which made expansion difficult. The aim in the year was a controlled wind down. This was achieved; the last child left in November 2020 and the remaining staff were redeployed within the charity. Following a further review of our therapeutic services, a decision was made to cancel the registration of our fostering agency in favour of a new approach of developing a partnership model for children to move into a foster family setting. This year was spent exploring this new model with more details to be explored as part of the organisations five-year strategic plan which will be developed during 2022/23.

## Sustaining service growth

### Our aims for 2021/22 were to:

- a) Develop new placement capacity.
- b) Develop new Institute services – through providing therapeutic training; clinical supervision and consultation; membership services.
- c) Grow voluntary and trust-funded development income.
- d) Recruit, train and develop iST staff and carers.
- e) Develop the next generation of service and Institute leaders.

### What we achieved in 2021/22

On 23<sup>rd</sup> August 2021 we opened a new therapeutic home, Oakwood House in Kent, catering for children aged 11 –18 years. This followed the successful recruitment of the additional staff required and have the creation of the necessary staff clinical structure and culture to accommodate and meet the children and young people's needs. After receiving the full registration from the regulator, Ofsted, the home opened by accommodating two young people from our younger age home nearby.

Our internal training continues to thrive. We have 90 students currently training from the Foundation course to Masters. Our third graduation ceremony was held in July 2021 having been deferred from November due to the pandemic. As usual it was held at Southwark Cathedral. As with the first such event, it was a celebration of the dedication of the many staff who had worked so hard to progress in their therapeutic knowledge and skills. In total, 26 students graduated from the training. One student completed a full Masters in iST. Three of these qualified at Masters level as iST Child Psychotherapists.

The fundraising forecast for the year to March 31st 2022 was revised down to reflect a scaled-down fundraising team (a single fundraiser) and the slow recovery of the fundraising market post-Covid. Whilst the majority of fundraising income (52%) was once again received from trusts, we began to see growth in other income streams. Despite charities struggling to recruit challenge event participants due to uncertainties around whether or not events would go ahead, the London Marathon took place in October 2021 and we did secure a team of 15 runners. We held our first ever online, matched funding fundraising campaign in December which was a great success and we also raised funds through sponsorship and ticket sales for an event scheduled for the summer of 2022. Fundraising income for the year totaled £179k which is an achievement given the challenging climate.

We are investing in the recruitment of an additional fundraiser in order to grow fundraising income to support the charity's planned strategic developments.

We would like to express our immense gratitude to all of our generous benefactors, with special thanks to:

29th May 1961 Charitable Trust  
Henry Oldfield Charitable Trust  
Latham & Watkins LLP  
Marc Harris  
Paul Basham Charitable Trust  
Philip Rackham Charitable Trust  
Richard Pollock Charitable Trust  
Tanya Scott-Adie  
The Big Give Trust  
The Clover Trust  
The Colyer-Fergusson Charitable Trust  
The Elizabeth and Prince Zaiger Charitable Trust  
The HASH Foundation  
The Inverforth Charitable Trust  
The Joseph & Lena Randall Charitable Trust  
The Monica Rabagliati Charitable Trust  
The Paget Charitable Trust  
The Taylor Family Foundation  
The Tompkins Foundation  
Timothy & Christine Youngman

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## Applying our external profile and influence

### Our aims for 2021/22 were to:

- a) Develop new placement capacity - sustainable therapeutic residential and foster care placements.
- b) Develop new Institute services – explore and pilot non-residential services; therapeutic training; clinical supervision and consultation; membership services.
- c) Grow voluntary and trust-funded development income.
- d) Recruit, train and develop iST and iTF therapeutic staff and carers.
- e) Develop the next generation of service and Institute leaders.
- f) Develop the Institute's external influence and impact for troubled children, in collaboration with key partners UKCP and Children England.
- g) Develop clinical influence through research, conference attendance and clinical papers

### What we achieved in 2021/22

We successfully implemented the new work-based accredited learning over the 21/22 academic calendar. Reflexive improvements were made to the quality of tutor feedback and support for students to achieve not only academic success but improvements in their clinical practice. Recruitment of Course Tutors assigned to communities resulted in twenty-six students graduating across the various modules in 2021. One member of staff achieved their UKCP Child Psychotherapeutic Counsellor Status and a further member of staff achieved their MA in Integrated Systemic Therapy.

Work continues to fully implement a blended learning environment which has involved all module programmes being transferred onto the iST learning hub (VLE) allowing all students and staff trainees to access learning material and course content remotely and at any time. Increased cross organisational learning has led to increased identification of the need for consistent practice and ongoing work to achieve this.

The initial scoping and delivery of a leader and manager's essential induction was successfully implemented allowing forty-one out of forty-two leaders and managers to engage in the two-day course. Tangible results are being evidenced in the way senior leaders have been able to contribute to strategic planning events and improved management practice.

The delivery of an education foundation workbook has enabled increased engagement of education-based staff in the iST framework and greater understanding of group dynamics. Initial relationship building with Caspari a therapeutic education provider is beginning in order to scope the development of a qualification's pathway for education psychotherapists. This remains interdependent on future developments of the education strategy.

We have continued to extend our external reach by publishing a second paper 'The complexities and benefits of placement and family support work in children's residential care', in The Scottish Journal of Residential Child Care. We also have a third paper, pending publication 'An investigation into exploring the understanding and management of self-harm in children in a therapeutic community in order to inform the development of practice'. Several workshops in relation to the findings of this research has been delivered to staff and learning has been added to the Child Mental Health Module to enhance staff training in this area.

One PhD research project 'Contact visits for looked after children: the views of children, parents, and professionals' has been completed by an external student supported by the Research, training and clinical practice team. This has been shared with the organisation and work continues to disseminate the findings across the organisation.

A further five student led research projects received ethical approval during 2021.

## Financial Review and the Results for the Year

The annual accounts comprise the consolidation of the holding company and the two subsidiaries: Childhood First (South) which contains Greenfields House, The Gables House in Kent and Oakwood House, Childhood First (East Anglia) which contains Earthsea House and Merrywood House, The accounts also include two dormant companies Princess Mary's Trust and Childhood First (Midlands).

### Fee income summary

	2021/22	2020/21	Change
	£'000	£'000	£'000
East Anglia	4,801	4,392	409
Kent	4,587	4,893	(306)
Residential	9,388	9,285	103
Other incl. pension	202	96	106
Total	9,590	9,381	209

Residential fee income is up by £103k on 2020/21. Average placements declined slightly from 33.7 to 32.75 though we were able to sustain income levels by modest price rises. We achieved growth in East Anglia and a decline in Kent during the period of transition from adding an additional home in Kent. In this way we increased our capacity by 11% but as a result our occupancy rate went from 91% to 84%.

During the year we wound down our activity in fostering and all activity ceased in January 2021. We still made a net surplus of 6.9% but this was down on the previous year as a result of our investment in the new home in Kent.

### Net surplus

	2021/22	2020/21	Change
	£'000	£'000	£'000
East Anglia	1,237	691	546
Kent	(497)	479	(976)
Residential	740	1,170	(430)
Other incl. pension	72	124	(52)
Total	812	1,294	(482)

Central surpluses are a combination of fundraising results, investment returns and movements in the valuation of the pension. Our approach to investments has been to seek to protect capital values in a difficult market. We have broadly achieved this outcome but with a resulting lower return than in 2021 £192k against £366k in 2021.

Fundraising income was broadly unchanged from 2021 which is a good outcome given the challenges of fundraising during a pandemic.

### Total costs

Overall costs have grown by £351 (4%) during the year. Staff costs have risen by £121k and non-staff costs have increased by £230k. The opening of a new community in Kent explains the majority of both increases. Also of note is the recovery of travel costs as we come out of the pandemic and we expect costs to increase in 2022-23 in relation to both salaries and other costs that may have stayed low during the pandemic.

### Fixed assets

There were only minor investments in vehicles in the year. We were able to add £500k to our managed investment portfolio.

### Debtors and Creditors

Debtors increased by £65k (13%). Trade creditors reduced by £163k (21%) and represent around six weeks of purchases.



## Cash position

The cash position has remained steady in the year.

## Provision for liabilities and charges

A number of past employees and a few current employees are members of Local Authority defined benefit pension schemes, though these schemes were replaced with defined contribution schemes some years ago for all new employees. The poor performance of these Local Authority Pension Schemes over the years has resulted in the Institute being responsible for a deficit which currently totals £651k. We are anticipating exiting these schemes and settling the liabilities in the course of 2022-23. Details of these schemes are included in the notes to the accounts.

## Investments

The charity investment policy is to maintain an investment portfolio which combines the best long term total financial return with a relatively low risk. In order to achieve this objective, the investment portfolio should be invested in managed investment funds with the following guidelines:

- The investments should be divided between at least two different managed funds.
- The managed funds will have an aim of making total returns rather than income generation.

The prime ethical consideration is to avoid any conflict of interest between the charity's objectives and the activities of any company in which the charity has invested.

The performance of the funds is monitored by the Finance Committee on a regular basis. The Trustees invest principally in managed funds. The value of these investments at the year-end was £4,024k; this includes a holding in cash. (Further information can be found in note 8 of the accounts).

The investments made an overall surplus of £174k.

## Financial reserves

The Trustees' reserve policy is to achieve and maintain an appropriate but not excessive level of reserves to support its activities, taking into account the risks to which it is exposed. The charity holds reserves in the form of designated funds that are earmarked by the trustees to represent fixed and other assets which cannot be readily converted into cash. In addition, the charity holds unrestricted funds for the following reasons:

1. to provide working capital to manage fluctuations in its cash flow;
2. to provide protection against a serious disruption to its communities;
3. to provide protection against a decline in the market for our services;
4. to provide funds for growth; and
5. to provide for the strategic improvement in the quality of our service quality.

Based on the accounts, total reserves are £10,963k. Excluding fixed assets of £5,107k, restricted funds of 46k, and endowment of £484k the unrestricted reserves or reserves that are 'free' amount to available amount to £5,325k.

We anticipate settling the Surrey pension in the next six months and have been given an indicative cost of doing so of £1.5m (this is despite the valuation at 31<sup>st</sup> March of £651k. The reserves that are therefore free to cover operational risk, strategic development and expansion of service provision are £3,825k.

## Our Future Plans

### Strategic Objectives

The organisation's strategic objectives have remained consistent throughout our strategic review process and continue to best articulate the overriding goals of the new strategic plan, its priorities and developments. These objectives are to continue to meet the children's needs with and through:

## Our Future Plans (continued)

### Strategic objectives (continued)

1. **Therapeutic effectiveness**; ensuring that we treat traumatised children safely and effectively through our clinically based residential, education, fostering and support services.
2. **Sustainable service growth**; creating new service capacity and expanding our clinical and management training to develop the next generation of service leaders.
3. **Developing external profile and influence**; develop our external influence and impact for traumatised children through research, conferences and clinical publications.

### Strategic Priorities

The organisation's strategic priorities have been categorised into three areas of organisational activity that best describe how the strategic plan has been developed. These areas are articulated as **Our People, Our Services** and **Our Future**. These three strategic areas contain within them five strategic priorities that contain a list of strategies, reviews, projects and business developments.

These strategic priorities are Workforce Development, Quality Improvement, Safeguarding and Compliance, Finance and Central Services and, Business Development. Each one of these priorities is linked to a member of the Executive Team who is the strategic lead for each area. The Chief Executive will oversee the strategic plan, particularly focussing on how the plan is engaged with internally by everyone within the organisation and communicated externally to all our stakeholders.

The Chief Executive and Executive Team estimate that each of the above strategies, reviews, projects and business developments are necessary to equip and develop the charity over the next five years. The majority of these projects fall into the '**Our Services**' strategic area. This is felt to be appropriate in order for the organisation to achieve a consistent level of quality and compliance throughout the charity and to prepare it for the new business developments identified in the plan which will continue to be considered in parallel with the other reviews and project areas.

## Our Response to Covid-19

The most severe impact of Covid was coming to an end by March 2022. Through this financial year the key points of our approach were:

- Our homes continued to operate normally but applied all government restrictions as required.
- All central office staff became established in a hybrid working model for which we had sufficient systems and infrastructure in place.
- Our professional training became established on-line and all students continued to receive training.
- Our fundraising activity was curtailed in line with much of the charity sector.
- We maintained the quality of our work, although ceased home inspections during this time.
- Our customers are exclusively local authorities and we experienced no fall in demand for our services or payment for them.

For the latter part of the year we continued to operate at close to full. We were able to maintain sufficient staffing to allow this to happen.

We continued to monitor the staff absence rates during this period and we managed any outbreaks of Covid to have adequate cover whilst they self-isolated.

Our professional training was on-line and all students were able to access an uninterrupted delivery of iST. The group analysts still delivered their therapy in group meetings.

The level of visits from third parties such as social workers remained low and all necessary contact was delivered through video or telephone calls.

Our central office continued to operate remotely and having gone fully paperless we were able to work with our auditors for them to complete the 2021 audit remotely with no audit issues identified.

We completed a further Information Systems development programme with additional back up and business continuity arrangements to add resilience to our infrastructure.

### **Our response to Covid-19 (continued)**

Commercially the organisation is well placed to deliver its residential care. There is little counterparty risk of bad debt as all customers are local authorities. Our long term strategy on contract costing means we have been able to absorb additional costs where necessary and build reserves. This financial strategy is expected to continue.

## **Risk and Uncertainties**

Trustees have assessed the major risks to which the charity is exposed and believe that systems are in place to mitigate our exposure.

Major risks and the actions which are taken to mitigate these risks include:

### **Statutory Regulation**

All of our children's residential homes and Independent Special School are regulated by Ofsted. The charity employs a Director of Safeguarding and Compliance who works alongside the Responsible Individual and Registered Managers and Head Teacher of each of the services to ensure full compliance with the appropriate regulatory frameworks. Each of the residential homes have a monthly independent inspection to ensure compliance and where any requirements or recommendations are identified by the regulator, Ofsted at inspection a comprehensive action plan is formulated to ensure that all policies, systems and practices are improved immediately. This together with bi-annual 'quality of care' reports and an active working relationship with the regulator and each inspector ensure that the risk to our services is minimalised and managed to an acceptable level for the services that the charity provides.

Four of our five homes and our school were all rated Good or Outstanding during the year and one was rated as 'Requiring Improvement to be Good'. Following this, several improvements were identified and an interim rating of 'Improved Effectiveness' was received in Jan 2022 before returning to a rating of 'Good' in May 2022, following a full Ofsted inspection.

### **Safeguarding**

A safeguarding risk exists wherever children are looked after. We have in place a system to detect and prevent safeguarding issues. This includes specific reports around restraints and regular reporting to trustees. We operate a Safeguarding Committee which reviews all incidents. We ensure all appropriate matters are reported to the Local Authority Designated Officer. Additionally, we use iST to encourage discussion of any concerns. We have an operational whistleblowing policy. We also meet the statutory requirements of Safer Recruitment that apply to children's homes.

### **Recruitment and retention of appropriate skilled staff**

We provide all care staff with a UKCP-accredited professional psychotherapeutic training, which is a substantial career benefit, and appears to be having a positive impact on recruitment and retention. We employ clinical specialists in roles which do not require shift-work, for experienced and qualified staff therapeutic staff.

### **Shortfall in voluntary income**

A fundraising strategy has been put in place to ensure the voluntary income is sufficient to meet the needs of the charity.

### **Residential properties continue to meet the needs of the children and young people**

Refurbishment and regular maintenance programmes are in place. All our properties are fit for purpose, as therapeutic children's homes, schools or administrative offices.

## **Structure, Governance and Management**

### **Governing document**

The Institute of Integrated Systemic Therapy is a private charitable company limited by guarantee (a company without share capital). It was incorporated on 22nd March 1983 as the Peper Harow Foundation and registered as a charity on 12th May 1983. It changed its name to Childhood First on 16th July 2008.

## **Structure, Governance and Management (continued)**

To reflect its special status as a training organisation, it changed its name to the Institute of Integrated Systemic Therapy on 28 September 2015. It is governed by memorandum and articles of association which were last amended on 24th November 2004. It continues to trade under the name Childhood First.

The objects of the charity, as laid down in the Memorandum of Association, are to promote and further the care, treatment and rehabilitation of children and adolescents who are psychologically and emotionally disturbed and to promote fuller understanding and knowledge of the causes of psychological and social disturbance and ways in which the causes may be reduced or their consequences ameliorated.

The charity believes it remains compliant with the Charity Governance code.

### **Recruitment and appointment of Trustees**

Trustees are recruited through nomination to the Board by existing Trustees and senior staff. Nominations are discussed by the Board and, if agreed, the nominees are formally invited to join the Board by the Chair. The sensitivity and risks of the work, and our systemic understanding of therapeutic psychodynamics, mean that all Trustees are thought about very carefully before invitation to join the Board. All Trustees are required to retire from office by rotation and are eligible for re-election every three years.

### **Trustees' induction and training**

On joining, Trustees are given an induction pack and are invited to meet with the Chief Executive and senior staff for a full briefing and discussion about the work of the Charity. They also visit one or more therapeutic communities. Trustees will have been recruited for their skills, knowledge and experience. Training is arranged on an individual basis where additional skills are needed for specific functions.

### **Organisational structure**

The Articles provide for between five and fifteen Trustees; there are currently twelve. Each Trustee is expected to add significant value to the beneficiaries. This is normally through their knowledge, expertise, experience or influence, but can include their ability to provide financial or material support, or their network of other people willing to provide such support. The Trustee Board aims to include members with a range of expertise, including clinical and social work, education, child and family law, business, management, fundraising, marketing and campaigning.

The Board of Trustees meet every quarter. During the year, there have been a number of sub-committees which met quarterly, chaired by Trustees but with additional external members with relevant experience.

### **Committee Membership**

#### **Finance**

George Viney, Sanjay Shah, Sebastian Lyon#

#### **Safeguarding**

Sarah Scarratt, John Harrison, Georgia Chataway\*, Vinod Diwakar\*\*, Simon Villette\*\*\*

#### **School Governance**

Sarah Scarratt, Georgia Chataway\*, Simon Villette\*\*\*

#### **Development Board**

Robert Shipton, John Harrison, Scott Murdoch, Jeremy Brier

#external member

\*appointed 28 Sept 2021

\*\*appointed 8 July 2021

\*\*\*resigned 8 March 2022

In addition, we have local support groups for fundraising led by Sarah Scarratt (Kent) and Trish Phillips (Norfolk). The Development Board has been set up with the purpose of fundraising for future developments.

All Trustees give their time voluntarily and do not receive any material benefits from the charity. We would like to thank all those involved for the time and expertise they provide to the charity.

As mentioned in the Chair's introduction, John Harrison was replaced as Chair of the Board of Trustees by Henrietta Hughes in September 2021.

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## **Structure, Governance and Management (continued)**

### **Management and core activities**

The Board of Trustees is responsible for the strategic direction and policy of the charity. It has delegated the day-to-day running of the organisation to the Senior Leadership Team led by the Chief Executive.

Our core activities are centred on the work of five residential therapeutic communities.

The residential communities provide integrated programmes of care, education and treatment to children and young people of various ages who have experienced severe emotional trauma.

The communities are:

- Greenfields House, Kent, for up to ten children aged 5 to 12. The children are educated at Greenfields School, which also has places for day pupils;
- Gables House, Kent, for up to eight children aged 10 -16. The children are educated at Greenfields School or onsite;
- Earthsea House, Norfolk, for up to eleven children aged 5 to 14. Education is provided on an adjacent site; and
- Merrywood House, Norfolk, for up to eight children aged 11 to 17. Children are educated externally.
- Oakwood, Kent for up to four children aged 11 – 17. Education is provided at Greenfields School or onsite.

The work includes The Placement and Family Support service which provides therapeutic support for vulnerable children with emotional and behavioural difficulties, together with their families and carers.

The basic operational expenditure is primarily supported by a Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover the growth and development of the therapeutic work, the facilities required and research and training, which are key to the quality and effectiveness of the therapeutic work. For these, voluntary and grant funding is required.

### **Remuneration Policy**

The remuneration of the staff is set by the Chief Executive in discussion with the Trustees and the remuneration of the Chief Executive is set by the Chair.

## **Our Approach to Fundraising**

The basic operational expenditure is primarily supported by Local Authorities paying an agreed fee for the children placed at the residential communities. However, such funding is not sufficient to cover all the growth and development of the therapeutic work, the facilities required, and research and training, which are key to the quality and effectiveness of the therapeutic work.

Voluntary and grant funding is, accordingly, essential to the sustainability and development of our work. As noted earlier, we are developing the capacity to fundraise for capital projects, as well as to increase the proportion of funding raised from trust and voluntary sources. These initiatives will strengthen the sustainability of our mission and increase the number of children and families we can support. Trust and voluntary funding is sought and applied towards specific programmes and activities, such as training and research, and towards capital developments.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable, are presented in our accounts as "voluntary income" and include legacies and grants. In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is not bound to adopt any regulatory scheme. However, the charity is a member of the Fundraising Regulator and complies with the relevant codes of practice. We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have to particularise this to fundraising activities; nor do we consider it necessary to design specific procedures to monitor this.

## Public Benefit

We review our aims and objectives regularly, looking both at the planned activities for the coming year and the progress against plans for the previous year. We have referred to the Charity Commission general guidance on public benefit when reviewing our aims and objectives and have considered how our activities meet the needs of our beneficiaries.

At each of our communities, places are open to children and young people from all over the UK, with the Local Authorities meeting the cost of the placement.

Due to the intensive and specialised nature of the work, the comparatively long treatment period for children who have experienced trauma and the size of the residential communities, the number of children and young people who directly benefit from our work each year is relatively small.

Each child, however, represents a major investment of public resources. Without successful treatment, these children are likely to continue to demand substantial resources from social, health and justice systems throughout their lives, to impact adversely the lives of many other children and adults and to pass on similar needs to their own children. Thus the number of people who benefit from our work, directly and indirectly, is substantial.

The opportunity to benefit from our work is open to all those who are eligible, as identified by the appropriate Local Authority and mental health services, and all those whom we assess can benefit from the services. Adolescents who are referred to our services must also personally ask to come and participate in the treatment programme.

As the cost of each placement is met by the Local Authorities, no child or young person is denied the opportunity to benefit on account of their own, or their family's inability to meet any fees due.

The specialist nature of our service and our unique and successful approach based on four decades of experience, research and clinical development, allows us to influence national policy, service provision and relevant professions more widely on behalf of children and young people who have experienced trauma. This is a further way we believe the charity provides a public benefit.

## Statement of Responsibilities of the Trustees

The Trustees are responsible for preparing the Report of the Board of Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (who are the directors for the purposes of company law) to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the group and charity financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the profit or loss of the group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charitable company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Going concern

The Trustees have considered the matter of going concern and believe that the charity remains a going concern for the following reasons:

- a) There remains a high demand for our residential service and we operate at above 80% of our current capacity.
- b) Our fees are structured so that they deliver a surplus.
- c) We do not face a counterparty debt risk as all customers are Local Authority.
- d) We do not rely on fundraising income to cover our operational costs.
- e) We have a successful track record of recruiting and training staff to deliver our service.
- f) We retain adequate reserves to meet our reserves requirement.
- g) The organisation has successfully adapted key processes (e.g. training, financial management) to the new business environment.
- h) It has a new but experienced management and, because of its overall size, can adjust quickly to changing conditions.
- i) There is a relatively high level of reserves and liquidity to ensure the charity can both make strategic developments and settle its debts as they fall due over the next twelve months.

Trustees are satisfied that there is no material uncertainty beyond that provided for in the reserves and hence the Charity and the Group are able to continue to operate as a going concern for the foreseeable future.

## Disclosure of Information to Auditors

All of the current Trustees (who are the directors of the company) have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charitable Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

On behalf of the Board of Trustees



**Chair**

13 December 2022



# Independent Auditor's Report

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2022 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Institute of Integrated Systemic Therapy ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the (consolidated) statement of financial activities, the (consolidated) balance sheet, the (consolidated) cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remain independent of the Group and Parent Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



## Responsibilities of Trustees

As explained more fully in the Statement of the Responsibilities of Trustees', the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks through our accumulated knowledge and consideration of sector information that is applicable to the Parent Charitable Company and its subsidiaries. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice, the Charities Act 2011, the Companies Act 2006, Data Protection Act 2018 and Bribery Act 2010.
- We understood how the Parent Charitable Company and its subsidiaries are complying with those legal and regulatory frameworks by making enquiries to management. We corroborated our enquiries through our review of minutes.
- We assessed the susceptibility of the Group and Parent Charitable Company's financial statements to material misstatement, including how fraud might


occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
BC8C15A11E97446...  
Fiona Condron (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
Date: 19 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated Statement of Financial Activities

for the Year Ended 31 March 2022

	Notes	2022			2021	
		Unrestricted £	Restricted £	Endowment £	Total £	Total £
<b>Income and endowments from</b>						
Donations and legacies		104,161	74,633	-	178,794	188,863
Charitable activities		9,371,362	-	-	9,371,362	9,381,008
Investments		31,959	-	-	31,959	24,681
Other		8,256	-	-	7,650	12,833
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total income</b>		<b>9,515,738</b>	<b>74,633</b>	<b>-</b>	<b>9,589,764</b>	<b>9,607,385</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditure on</b>						
Raising funds		143,200	-	-	143,200	145,516
Charitable activities						
Therapeutic residential care		8,244,467	44,103	-	8,288,570	7,838,154
Fostering		190,180	-	-	194,695	284,158
Placement and family support		-	-	-	-	83,601
Training		408,587	-	-	409,248	327,783
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total expenditure</b>	2	<b>8,986,434</b>	<b>44,103</b>	<b>-</b>	<b>9,030,537</b>	<b>8,679,212</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income before investment gains		523,552	30,530	-	554,082	928,173
Gains on Investments		192,154	-	-	192,154	365,987
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net income</b>		<b>715,706</b>	<b>30,530</b>	<b>-</b>	<b>746,236</b>	<b>1,294,160</b>
Transfers between funds		471,200	(471,200)	-	-	-
Actuarial gains/(losses) on defined benefit schemes	6	(230,000)	-	-	(230,000)	187,000
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net movement in funds</b>		<b>956,876</b>	<b>(440,670)</b>	<b>-</b>	<b>516,206</b>	<b>1,481,160</b>
Total funds brought forward		<b>9,475,501</b>	<b>486,964</b>	<b>483,947</b>	<b>10,446,412</b>	<b>8,965,252</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds carried forward</b>		<b>10,432,377</b>	<b>46,294</b>	<b>483,947</b>	<b>10,962,618</b>	<b>10,446,412</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The Statement of Financial Activities incorporate the income and expenditure account and includes all recognised gains and losses in the current and prior year. Further detail on the 2020 comparatives are shown in Note 19a.

The notes 1 - 19 form part of these financial statements.

**Consolidated and Company Balance Sheet**

as at 31 March 2022

	Notes	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Fixed assets</b>					
Tangible assets	7	5,107,383	5,251,931	4,136,338	4,206,507
Investments	8	4,024,193	3,315,711	4,024,193	3,315,711
		<u>9,131,577</u>	<u>8,567,645</u>	<u>8,160,532</u>	<u>7,522,220</u>
<b>Current assets</b>					
Debtors	10	570,960	506,321	118,936	141,053
Cash at bank		2,511,520	2,496,742	2,442,174	2,380,350
		<u>3,082,479</u>	<u>3,003,063</u>	<u>2,561,110</u>	<u>2,521,403</u>
<b>Creditors:</b>					
Amounts falling due within one year	11	(600,537)	(763,296)	(4,045,556)	(3,439,052)
Net current assets/(liabilities)		<u>2,482,043</u>	<u>2,239,767</u>	<u>(1,484,446)</u>	<u>(917,649)</u>
<b>Total assets less current liabilities</b>		<u>11,613,619</u>	<u>10,807,412</u>	<u>6,676,086</u>	<u>6,604,571</u>
<b>Creditors:</b>					
Amounts falling due after one year	12	-	-	-	-
<b>Pension liability</b>					
	13	(483,000)	(361,000)	(483,000)	(363,000)
<b>Net assets</b>		<u>11,130,619</u>	<u>10,446,412</u>	<u>6,193,086</u>	<u>6,241,571</u>
<b>The funds of the charity</b>					
<b>Income funds</b>					
Unrestricted funds					
- General reserves		10,281,184	9,034,308	4,873,400	5,068,989
- Pension reserves		(483,000)	(361,000)	-	-
- Designated funds	15	802,193	802,193	802,193	685,618
Total unrestricted funds		<u>10,600,377</u>	<u>9,475,501</u>	<u>5,675,592</u>	<u>5,754,607</u>
Restricted funds	14	46,294	486,964	517,494	486,964
<b>Capital funds</b>					
Endowment funds	16	483,947	483,947	-	-
<b>Total charity funds</b>		<u>11,130,619</u>	<u>10,446,412</u>	<u>6,193,086</u>	<u>6,241,571</u>

The financial statements were approved and authorised for issue by the Trustees on 13 December 2022 and were signed on its behalf by



Henrietta Hughes  
Chair

The notes 1 -19 form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 31 March 2022

	Notes	2022 £	2021 £
<b>Cash flow from operating activities</b>			
Net income for the reporting period		501,575	1,481,160
Depreciation		162,343	174,243
(Gains) on investments	8	(208,481)	(365,987)
Interest (receivable)		-	(12,403)
Increase / (decrease) in debtors	10	(64,637)	211,950
Decrease / (increase) in creditors	11	(162,759)	120,836
Actuarial (loss) / gain on defined benefit scheme	13	290,000	(218,000)
		<b>518,041</b>	<b>1,391,799</b>
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activities</b>			
(Purchase) of property, plant equipment	7	(17,795)	(45,583)
Dividends and interest from investments		14,632	-
Purchase of investments	8	(500,000)	-
		<b>(503,163)</b>	<b>(45,583)</b>
<b>Net cash (used in) financing activities</b>			
		<b>14,878</b>	<b>1,346,216</b>
<b>Change in cash in reporting period</b>			
		<b>2,496,742</b>	<b>1,150,526</b>
<b>Cash at beginning of year</b>			
		<b>2,511,620</b>	<b>2,496,742</b>
<b>Cash at end of year</b>			

### Analysis of changes in net debt

2022

	Cash Deposits £	Cash £	Total £
Balance at 1 April 2021	-	2,496,742	2,496,742
Cash flows	30,910	14,878	45,787
<b>Balance at 31 March 2022</b>	<b>30,910</b>	<b>2,511,620</b>	<b>2,542,529</b>

The notes 1 -19 form part of these financial statements.

## Notes to the Financial Statements

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements.

#### a) Basis of preparation

The Institute of Integrated Systemic Therapy is a charitable company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given in the Reference and administrative detail page and the nature of the charity's operations and its aims and objectives are set out in the Trustees report. The financial statements have been prepared under the historic cost convention as modified by the valuation of investments and defined benefit pension schemes in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charity's accounting policies.

#### Basis for consolidation

The consolidated accounts include the financial statements of the Institute of Integrated Systemic Therapy and of its subsidiary undertakings, Childhood First (Midlands) Limited, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All of these charitable companies are incorporated in England and Wales. The consolidated accounts also include the results and net assets of Princess Mary's Trust, of which Institute of Integrated Systemic Therapy is the sole Trustee and which has similar charitable objectives. The Trust can be contacted through Institute of Integrated Systemic Therapy's registered office.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated statement of financial activities and income and expenditure account from the date of acquisition. In the parent charity's financial statements, investments in subsidiary undertakings are stated at cost.

In accordance with the provisions of the Companies Act 2006 the parent charity is exempt from the requirement to present its own profit and loss account. The total incoming resources from the parent charitable company for the year was £1,727k (2021: £1,529k). The result for the parent charitable company, including unrealised surpluses on investments and an actuarial deficit on the defined benefit pension scheme for the year was a £216k deficit (2021: £568k surplus).

#### b) Fixed assets and depreciation

It is the charitable company's practice to maintain freehold buildings in a continual state of sound repair.

From the commencement of 2015-16 depreciation has been charged on the building element of the asset. In addition, the Board of Trustees carries out an impairment review every year. If those reviews show that the book value of a property falls below both its net realisable value and its value in use, then an impairment charge will be recognised to reduce its carrying value to the lower amount.

Fixed assets are stated at cost less depreciation. Items costing less than £1,000 are not capitalised. Depreciation is provided to write off the cost of each asset over its estimated useful economic life by equal annual instalments as follows:

Freehold Buildings	2%
Short leasehold buildings	over the remaining terms of the lease
Furniture, fittings, tools and equipment	10% - 33% per annum
Motor vehicles	25% - 33% per annum

#### c) Leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of financial activities.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of financial activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are credited to the statements of financial activities on a straight line basis over the term of the lease.

Annual rentals are charged to the statement of financial activities on a straight-line basis over the term of the lease.

#### d) Income and expenses

Expenses, rental income, investment income, interest receivable and fees are accounted for on an accruals basis. Donations are accounted for when received. Legacies are accounted for when received or if, before receipt, there is sufficient evidence as the probability of the receipt and value of the legacy. Grant income received is deferred to future accounting periods to the extent that the conditions for its receipt have not yet been met. Fee income is recognised in line with the delivery of the related service, with fee income spread evenly over the period of a child's placement. Payments received in advance of the associated placements are deferred.

#### e) Allocation of expenses:

- costs of generating funds comprise the costs associated with attracting voluntary income;
- charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them; and
- support costs are allocated on the basis of staff numbers.

## 1 Accounting policies (continued)

- f) Investments  
Listed investments are included in the balance sheet at market value. Realised gains and losses on the sale of investments and unrealised gains and losses on the revaluation of investments are included in the statement of financial activities.
- g) Funds:
- Unrestricted funds  
These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the group. These are further split into designated funds, which represent the fixed property assets, the pension reserves, representing the pension deficit, and general reserves.
  - Restricted income funds  
These represent income received which can only be expended for the purpose specified by the donor.
  - Permanent Endowment fund  
This represents assets donated which must be held as capital and cannot be converted to income.
- h) Pension costs
- a number of employees belong to the Teacher's Pension Scheme, which is a defined benefit scheme. It is not been possible to identify the group's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis, and contributions have been charged to the income and expenditure account as they are paid;
  - a number of employees belong to the Surrey County Council Pension Scheme or the Norfolk County Council Pension Fund, which are defined benefit pension schemes. These are treated in accordance with FRS 102;
  - the difference between the fair value of the assets held in the charitable company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the charitable company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the charitable company is able to recover the surplus either through reduced contributions in the future or through funds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance;
  - charges in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the charitable company are charged to the Statement of Financial Activities in accordance with FRS 102 'Retirement benefits'; and
  - employees who are not eligible to belong to the above schemes may belong to a group personal pension plan. The assets of this plan are held separately from those of the company in an independently administered fund. The amount charged to the income and expenditure account represents the contribution payable to the plan in respect of the accounting period.
- i) Financial instruments  
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.
- j) Cash and cash equivalents  
Cash and cash equivalents are near cash items with a similar risk profile to cash and can be accessed within three months.
- k) Going concern

The Trustees have considered the matter of going concern and believe that the charity remains a going concern for the following reasons:

- There remains a high demand for our residential service and we operate at above 80% of our current capacity.
- Our fees are structured so that they deliver a surplus.
- We do not face a counterparty debt risk as all customers are Local Authorities.
- We do not rely on fundraising income to cover our operational costs.
- We have a successful track record of recruiting and training staff to deliver our service.
- We retain adequate reserves to meet our reserves requirement.
- The organisation has successfully adapted key processes (e.g. training, financial management) to the new business environment.
- It has a new but experienced management and, because of its overall size, can adjust quickly to changing conditions.
- There is a relatively high level of reserves and liquidity to ensure the charity can both make strategic developments and settle its debts as they fall due over the next twelve months.

Trustees are satisfied that there is no material uncertainty beyond that provided for in the reserves and hence the Charity and the Group are able to continue to operate as a going concern for the foreseeable future.

## 2 Analysis of total resources expended

Basis of allocation		Raising funds	Therapeutics Residential	Fostering	Training	2022 Total	2021 Total
		£	£	£	£	£	£
<b>Costs directly allocated to activities</b>							
Staff costs	Direct	48,675	5,613,623	33,918	296,918	5,993,134	5,881,222
FRS 102 pension adjustment	Direct	-	93,000	-	-	93,000	122,000
Consultancy	Direct	-	8,111	-	-	8,111	58,383
Travel	Direct	934	145,774	1,151	7,937	155,796	109,030
Office costs	Direct	-	175,850	114	10,702	186,666	243,405
Marketing	Direct	26,457	-	-	-	26,457	(1,435)
Premises	Direct	-	442,634	23,598	-	466,232	353,260
Household	Direct	-	129,973	-	-	129,973	119,510
Provisions	Direct	-	155,474	-	-	155,474	147,825
Education	Direct	-	325,593	-	-	325,593	310,266
Personal care	Direct	-	72,292	-	-	72,292	70,020
Social activities	Direct	-	177,225	-	-	177,225	128,032
Other	Direct	-	40,458	5,556	16,774	62,788	86,050
Depreciation	Direct	-	162,343	-	-	162,343	174,243
Finance charges	Direct	-	952	-	-	952	653
Insurance, legal, professional	Direct	5,142	165,128	11,189	-	181,459	155,175
Audit and accountancy	Direct	-	35,400	-	-	35,400	23,871
<b>Total</b>		<b>81,208</b>	<b>7,743,830</b>	<b>75,526</b>	<b>332,331</b>	<b>8,232,896</b>	<b>7,981,510</b>
<b>Support costs allocated to activities</b>							
Premises and office costs	Staff time	28,528	42,792	14,264	42,792	128,376	88,634
Finance and HR staff	Staff time	26,398	395,971	79,194	26,398	527,961	490,283
Other	Staff time	7,065	105,975	21,195	7,065	141,300	118,785
<b>Total</b>		<b>61,991</b>	<b>544,738</b>	<b>114,653</b>	<b>76,255</b>	<b>797,641</b>	<b>697,702</b>
<b>Total resources expended</b>		<b>143,199</b>	<b>8,288,570</b>	<b>190,181</b>	<b>408,587</b>	<b>9,030,537</b>	<b>8,679,212</b>

Further details on comparatives are shown in note 19b.

### 3 Net income

	2022 £	2021 £
Net income for the year is stated after charging:		
Auditor's remuneration: Group	35,400	23,871
Depreciation of tangible fixed assets	162,343	174,044
Profit on sale of fixed assets	-	-
Rentals payable under operating leases:		
Land and buildings	112,800	96,800
Other	38,014	37,565
Trustees professional indemnity insurance	2,240	2,025
	<u>          </u>	<u>          </u>

### 4 Staff numbers and costs

The average number of persons employed by the group during the year was 174 (2021: 174). The aggregate payroll costs of these persons were as follows:

	2022 £	2021 £
Wages and salaries	5,375,406	5,345,719
Social security costs	454,742	481,495
Other pension costs	281,941	269,608
FRS 102 pension adjustment (see note 6)	93,000	122,000
	<u>          </u>	<u>          </u>
	<u>6,205,089</u>	<u>6,218,822</u>

Key management personnel comprise the six individuals identified as part of the Senior Leadership Team (2021: seven members of SMT). The total employment costs (including employer's National insurance contributions and pension) of the Senior Leadership Team for the year was £531,746 (2021: £561,805).

The number of employees whose emoluments for the year were greater than £60,000 fell within the following ranges:

	2022	2021
£60,001 - £70,000	3	-
£70,001 - £80,000	-	1
£80,001 - £90,000	-	1
£90,001 - £100,000	2	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1

Pension payments for the above members of staff amounted to £53,766 (2021: £70,355). The combined remuneration of these staff was £531,747 (2021: £445,485). No payments or remuneration were made to the Trustees during the year. Reimbursement of expenses incurred when travelling to, or engaged upon, the business of the charity amounted to £601 (2021: £631).

### 5 Related party transactions

The Institute of Integrated Systemic Therapy (registered charity number 286909) is the sole member of Childhood First (Midlands) Limited, Childhood First (East Anglia) Limited and Childhood First (South) Limited. All these are companies limited by guarantee. It is also the sole Trustee of Princess Mary's Trust.

During the year, the following transactions took place between the parent company and its subsidiaries.

	Princess Mary's Trust £	Childhood First (Midlands) £	Childhood First (South) £	Childhood First (East Anglia) £	Total £
<b>Charge to subsidiary</b>					
Management charge	-	-	480,358	335,298	815,656
Institute training	-	-	201,300	99,000	300,300
Rental	-	-	244,600	100,000	344,600
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total</b>	-	-	926,258	534,298	1,460,556
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Donations to subsidiary</b>	-	-	14,932	50,329	65,261
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Intercompany balances</b>					
<b>As at 31 March 2021</b>					
Owed to parent	21,073	-	-	-	21,073
Owed by parent	-	-	866,792	3,016,916	3,883,708
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



## 5 Related party transactions (continued)

At the balance sheet date Princess Mary's Trust owed £21,073 to the parent charity (2021: £21,073 owed to parent).

Entity information	Princess Mary's Trust	Childhood First (Midlands)	Childhood First (South)	Childhood First (East Anglia)
Company number	N/A	03187004	03547839	03706394
Charity number	229136	286909	286909	286909

## 6 Pensions

### (a) Surrey Pension Scheme

A number of the group's employees are members of the Surrey County Council Pension Scheme, which is a defined benefit scheme with the assets being held in separate Trustee administered funds. In accordance with FRS102 "retirement benefits", the figures included in the financial statements in respect of this scheme are based on an actuarial valuation carried out at 31 March 2019 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date.

The actuarial deficit attributable to the company at 31 March 2022 was estimated to be £483,000 (2021: £363,000). There are two employees who are members of this scheme. In addition, there are 15 deferred pensioners and 24 pensioners.

The contributions of the charitable group during the year were 32.6% of pensionable salary plus a £66,000 lump sum (prior year: 31.4% plus £30,000) and amounted to £124,756 (2021 - £124,756). There were outstanding contributions of £6,484 due at the end of the financial year (2021 - £6,484). The employer contribution for the next financial year has been set at 32.6% of salary plus a lump sum of £66,000.

The major assumptions at 31 March 2022 as used by the actuary were:

Financial	2022	2021
Pension increases	3.30%	2.85%
Salary increases	4.20%	3.75%
Discount rate	2.70%	1.95%

### Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2020 model, with a 0% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
<b>Current Year</b>		
Current pensioners	22.1 years	24.5 years
Future pensioners	23.1 years	26.2 years
<b>Prior year</b>		
Current pensioners	22.3 years	24.7 years
Future pensioners	23.4 years	26.4 years

### Commutation

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free for post-April 2008 service.

### Assets

The market value of the scheme's assets and their current allocation are:	2022 £	2021 £
Equities	3,682,600	4,687,000
Bonds	1,496,040	1,000,000
Property	460,320	437,000
Cash	115,080	125,000
Totals	5,754,040	6,249,000

Total investment returns for the year to 31 March 2022 was minus 5% (2021: 28.5%).

**6 Pensions** (continued)**(a) Surrey pension Scheme (continued)**

	2022 £	2021 £
<b>Net pension assets and liabilities</b>		
Estimated employer assets	5,754,000	6,249,000
Present value of scheme liabilities	(6,237,000)	(6,612,000)
Present value of unfunded liabilities		
	<hr/>	<hr/>
Net pension liability	(483,000)	(363,000)
	<hr/>	<hr/>

**Changes in the fair value of plan assets, defined benefit obligation and net liability**

	2022 £	2021 £
<b>Reconciliation of Funded liabilities</b>		
Opening position	6,612,000	5,857,000
Current service cost	41,000	63,000
Interest cost	126,000	132,000
Contributions by members	9,000	19,000
Benefits paid	(300,000)	(291,000)
	<hr/>	<hr/>
Expected closing position	6,488,000	5,780,000
	<hr/>	<hr/>
Re-measurements		
Changes to financial assumptions	(251,000)	832,000
	<hr/>	<hr/>
Total re-measurements	(251,000)	832,000
	<hr/>	<hr/>
Closing position	6,237,000	6,612,000
	<hr/>	<hr/>

**Reconciliation of fair value of employer assets**

	2022 £	2021 £
Opening position	6,249,000	4,994,000
Interest income	120,000	113,000
Employer contributions	95,000	125,000
Contributions by members	9,000	19,000
Benefits paid	(300,000)	(291,000)
	<hr/>	<hr/>
Expected closing position	6,173,000	4,960,000
	<hr/>	<hr/>
Re-measurements		
Return on assets	(419,000)	1,289,000
	<hr/>	<hr/>
Total re-measurements	(419,000)	1,289,000
	<hr/>	<hr/>
Closing position	5,754,000	6,249,000
	<hr/>	<hr/>

**Analysis of amounts credited/(charged) to the statement of financial activities**

	2022 £	2021 £
Current service costs	(41,000)	(63,000)
Interest cost	(126,000)	(19,000)
Interest income	-	-
	<hr/>	<hr/>
Net (charge) to statement of financial activities:	(167,000)	(82,000)
	<hr/>	<hr/>
Actual Return on assets	(419,000)	1,289,000
Actuarial (losses)/gains arising on scheme liabilities	251,000	(832,000)
	<hr/>	<hr/>
Actuarial gains/(losses) charged to the statement of Financial Activities	(168,000)	457,000
	<hr/>	<hr/>

**6 Pensions (continued)****(b) Norfolk County Council Pension Fund**

One of the charity's employees is a member of the Norfolk County Pension Scheme, which is a defined benefit scheme with the assets being held in separate Trustee administered funds. There are two deferred members and one pensioner.

In accordance with FRS102 "retirement benefits", the figures included in the financial statements in respect of this scheme are based on an actuarial valuation carried out at 31 March 2019 by a qualified independent actuary. This does not take into account any impact of changes in general stock market values since that date.

There are two active members in the scheme there is one deferred member and one pensioner. The contributions of the charitable company during the year were 22.6% of pensionable salary and amounted to £nil (2021 - nil). There were no outstanding contributions at the end of the financial year (2021 - nil). At the year-end there were no employees in the scheme which is now closed and the charity exited the scheme after the year end. The employer contribution for the year beginning 1 April 2022 is nil (2021 - nil). There is no deficit contribution.

The major assumptions at 31 March 2022 as used by the actuary were:

<b>Financial</b>	<b>2022</b>	<b>2021</b>
Pension increases	3.20%	2.85%
Salary increases	3.90%	3.55%
Discount rate	2.70%	2.00%

**Mortality**

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

<b>Current year</b>	<b>Males</b>	<b>Females</b>
Current pensioners	21.7 years	24.1 years
Future pensioners	22.9 years	26.0 years
<b>Prior year</b>	<b>Males</b>	<b>Females</b>
Current pensioners	21.9 years	24.3 years
Future pensioners	23.2 years	26.2 years

**Commutation**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free for post-April 2008 service.

**Assets - solely Childhood First (East Anglia) Limited**

The market value of the scheme's assets and their current allocation are:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Equities	-	-
Bonds	1,455,360	1,410,000
Property	45,480	44,000
Cash	15,160	15,000
	<hr/>	<hr/>
Totals	<b>1,516,000</b>	<b>1,469,000</b>
	<hr/>	<hr/>

Total investment returns for the year to 31 March 2021 was 3.5%.

**6 Pensions (continued)****(b) Norfolk County Council Pension Fund (continued)**

	<b>2022</b> £	<b>2021</b> £
<b>Net pension assets and liabilities</b>		
Estimated employer assets	1,516,000	1,469,000
Present value of scheme liabilities	(1,435,000)	(1,467,000)
Total value of asset	81,000	2,000
Net pension asset	81,000	2,000
<b>Changes in the fair value of plan assets, defined benefit obligation and net liability</b>		
<b>Reconciliation of Funded liabilities</b>		
Opening position	1,467,000	1,167,000
Current service cost	47,000	46,000
Past service	-	-
Interest cost	30,000	27,000
Contributions by members	10,000	13,000
Benefits paid	(36,000)	(34,000)
Expected closing position	1,518,000	1,219,000
Re-measurements	(81,000)	248,000
Changes to financial assumptions	(6,000)	-
Other experience	4,000	-
Total re-measurements	(83,000)	248,000
Closing position	1,435,000	1,467,000
<b>Reconciliation of fair value of employer assets</b>		
Opening position	1,469,000	1,451,000
Interest income	47,000	33,000
Employer contributions	21,000	28,000
Contributions by members	10,000	13,000
Benefits paid	(36,000)	(34,000)
Expected closing position	1,511,000	1,491,000
Re-measurements		
Return on assets	23,000	(22,000)
Total re-measurements	23,000	(22,000)
Closing position	1,516,000	1,469,000
<b>Analysis of amounts (charged)/credited to the statement of financial activities</b>		
	<b>2022</b> £	<b>2021</b> £
Current service costs	(47,000)	(46,000)
Interest cost	(30,000)	(27,000)
Past service	-	-
Interest income	29,000	33,000
Net (charge) to statement of financial activities:	(48,000)	(40,000)
Actual Return on assets	-	-
Actuarial gain / (loss) arising on scheme liabilities	106,000	(270,000)
Actuarial gain / (loss) charged to the statement of Financial Activities	106,000	(270,000)

**6 Pensions (continued)****McCloud Ruling**

An estimate McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 March 2022 (as per the 2021 accounting approach).

**(c) Combined summary information for Surrey and Norfolk County Council Pension Funds**

The table below provides details of the movement in the deficit during the year for both defined benefit pension schemes on a combined basis:

	2022 £	2021 £
Current service costs	(88,000)	(109,000)
Past service	-	-
Interest cost	(156,000)	(46,000)
Interest income	29,000	33,000
	<hr/>	<hr/>
Net (charge) to statement of financial activities (note 2)	<b>(215,000)</b>	<b>(122,000)</b>
	<hr/>	<hr/>
Remeasurements		
Return on assets	(396,000)	1,289,000
Actuarial liabilities	(357,000)	(1,102,000)
	<hr/>	<hr/>
Actuarial loss) / gain charged to statement of financial activities	<b>(753,000)</b>	<b>187,000</b>
	<hr/>	<hr/>
<b>Decrease in liability in the year</b>	<b>176,000</b>	<b>218,000</b>
<b>(Deficit) in schemes at beginning of the year</b>	<b>(361,000)</b>	<b>(579,000)</b>
	<hr/>	<hr/>
<b>(Deficit) in schemes at end of year</b>	<b>(185,000)</b>	<b>(361,000)</b>
	<hr/>	<hr/>

**(d) Teacher's Pension Scheme**

A number of the charitable company's employees are members of the Teachers' Pension Scheme (TPS). The TPS is a statutory, contributory defined benefit scheme administered by the Teacher's Pension Agency, an executive agency of the Department for Education and Employment.

Not less than every four year, with a supporting interim valuation in between, the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TSS. The aim of the review is to specify the level of future contributions.

The last valuation of the TPS was as at 31 March 2012. The value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176 billion and the scheme had aggregate liabilities of £191 billion, leaving a deficit of £15 billion. The valuation determined the contribution rates on the basis of a fifteen year recovery timeframe for this deficit.

From 2015 the total scheme contribution was determined to be 26% with employee contributions of 9.6% and employer contributions of 16.4%. Of the employer contributions, 10.8% were normal contributions and 5.8% was identified to cover past service deficits.

Total pension costs during the year were £43,901 (2021 - £36,939). There were outstanding contributions of £5,713 due at the end of the financial year (2021 - £4,171).

**(e) Group Personal Pension Plan**

A Group Personal Pension Plan exists for employees who are not eligible to be part of the above schemes. This is a defined contribution scheme.

The pension charge for the year represents contributions payable by the group to the fund and amounted to £253,931 (2021 - £272,884). There were outstanding contributions of £38,698 due at the end of the financial year (2021 - £36,215).

**7 Tangible fixed assets**

<b>Group</b>	<b>Freehold properties</b> £	<b>Furniture and equipment</b> £	<b>Motor vehicles</b> £	<b>Total</b> £
<b>Cost</b>				
At 1 April 2021	5,534,579	377,613	192,735	6,105,127
Additions	-	-	17,795	17,795
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	5,534,579	377,812	210,530	6,122,921
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 April 2021	444,957	237,953	170,285	853,195
Charge for year	101,510	44,960	15,872	162,342
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2022	546,467	282,912	186,158	1,015,538
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 31 March 2022</b>	<b>4,988,112</b>	<b>94,900</b>	<b>24,372</b>	<b>5,107,384</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	5,089,822	139,660	22,440	5,251,932
	<hr/>	<hr/>	<hr/>	<hr/>

<b>Company</b>	<b>Freehold properties</b> £	<b>Furniture and equipment</b> £	<b>Total</b> £
<b>Cost</b>			
At 1 April 2021	4,507,287	92,910	4,600,197
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2022	4,507,287	92,910	4,600,197
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2021	323,611	70,080	393,690
Charge for year	55,581	14,588	70,169
	<hr/>	<hr/>	<hr/>
At 31 March 2022	379,191	84,668	463,859
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 March 2022</b>	<b>4,128,096</b>	<b>8,242</b>	<b>4,136,338</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2021	4,183,676	22,830	4,206,507
	<hr/>	<hr/>	<hr/>

**8 Fixed asset investments****a) Group and Company**

	2022			2021
	Cash deposits	Investment funds	Total	Total
	£	£	£	£
Balance at 1 April	452,823	2,862,889	3,315,712	2,937,321
Additions	16,237	500,000	516,237	12,403
Disposals	-	-	-	-
Gain on revaluation	-	192,154	192,154	365,987
<b>Market value at 31 March</b>	<b>469,060</b>	<b>3,555,043</b>	<b>4,024,193</b>	<b>3,315,711</b>

The cash deposits are managed by Cazenove Capital Management Limited and the investment funds are invested in CF Ruffer Total Return Fund, McInroy Balanced Fund and CG Portfolio Funds.

**b) Subsidiary undertakings**

The principal undertakings which have been included in the consolidated financial statements are as follows:

<i>Subsidiary Undertaking</i>	<i>Country of Incorporation</i>	<i>Proportion of voting rights</i>	<i>Share capital held</i>	<i>Nature of business</i>
Childhood First (South) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (Midlands) Ltd	England	100%	Limited by guarantee	Charity
Childhood First (East Anglia) Ltd	England	100%	Limited by guarantee	Charity
Princess Mary's Trust	England	100%	Trust	Charitable Trust

**Subsidiary summary results:**

	Childhood First (South) Ltd £	Childhood First (Midlands) Ltd £	Childhood First (East Anglia) Ltd £	Princess Mary's Trust £
Income	4,587,274	-	4,801,509	-
Expenditure	5,084,716	-	3,564,070	(6,700)
Surplus/(loss) for the year	(497,442)	-	1,237,439	(6,700)
Reserves brought forward	1,402,056	606	2,228,457	573,723
Reserves carried forward	904,614	-	3,465,896	567,023
Net Assets	904,614	-	3,465,896	567,023

**9 Unapplied total return**

At both 1<sup>st</sup> April 2021 and 31<sup>st</sup> March 2022 the value of assets representing the unapplied total return was nil. There was no surplus generated during the year.

**10 Debtors – due within one year**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	407,789	396,810	19,491	19,491
Amounts owed by group undertakings	-	-	21,074	21,074
Prepayments and accrued income	78,371	87,034	78,371	83,811
Other debtors	84,800	22,477	-	16,677
	<u>570,960</u>	<u>506,321</u>	<u>118,936</u>	<u>141,053</u>

**11 Creditors: amounts falling due within one year**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts owed to group undertakings	-	-	3,883,709	3,250,925
Trade creditors	217,818	331,947	33,181	62,834
Other creditors	122,531	133,486	43,294	44,907
Taxation and social security	129,728	123,270	33,130	27,766
Accruals and deferred income	130,460	174,593	52,241	51,620
	<u>600,537</u>	<u>763,296</u>	<u>4,045,556</u>	<u>3,438,052</u>

**12 Creditors: amounts falling due after more than one year**

	Group 2022 £	Group 2021	Company 2022 £	Company 2021
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**13 Pension liability**

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Pension costs</b>				
Balance brought forward	361,000	579,000	363,000	863,000
Transferred from subsidiary	-	-	-	-
Increase / (decrease) in FRS102 pension liability during the year - see note 6(c)	122,000	(218,000)	120,000	(500,000)
<b>Balance carried forward</b>	<u>483,000</u>	<u>361,000</u>	<u>483,000</u>	<u>363,000</u>



**14 Restricted income funds**

The Group's restricted income funds consist of the following material funds:

	Balance at 1 April 2021 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2022 £
Other projects	486,964	74,633	(44,103)	471,200	46,294
<b>Total</b>	<b>486,964</b>	<b>74,633</b>	<b>(44,103)</b>	<b>471,200</b>	<b>46,294</b>

The reserves for other projects are restricted to either the location of the communities and may also be restricted by a particular activity such as a specific building project or service. Comparative information can be found in note 19c.

**15 Designated funds**

Designated funds, within restricted funds, represent fixed property assets which are not part of the permanent endowment fund, specifically Earthsea House, Greenfields School and part of Greenfields House.

	Group £	Company £
Balance at 1 April 2021	802,193	685,618
<b>Balance at 31 March 2022</b>	<b>802,193</b>	<b>685,618</b>

**16 Endowment Funds**

	Group £
Balance at 1 April 2021	483,947
<b>Balance at 31 March 2022</b>	<b>483,947</b>

IIST, as sole Trustee of the Princess Mary's Trust, holds endowment funds. These funds are represented by property held for the use of the charity. In 2006 the Charity Commissioners for England and Wales granted an order under section 26 of the Charities Act 1993 enabling IIST to decide which part of the unapplied total return from the assets of the Princess Mary's Trust given to it should be held on trust for application (income) for the purposes of the Princess Mary's Trust.

The endowment balance relates to Greenfields House. As the property currently held within the permanent endowment by the Princess Mary's Trust is held as functional property there is no income being generated by permanent endowment. There is therefore no unapplied total return to be allocated between capital and income.

**17 Commitments**

Total commitments under non-cancellable operating leases at 31 March 2022 were as follows:

	2022 £	2021 £
Equipment leases	38,014	37,565
Property leases	260,399	197,280
<b>Total</b>	<b>298,414</b>	<b>234,845</b>

Property leases relate to rental leases on London office (break April 2024), Merrywood House (expires September 2025) and Sittingbourne office (expires May 2023). Total payments recognised as an expense £260,399 (2021: £197,280). Of the liability of £260,399, £147,600 is due in 2 to 5 years and £ nil is due in more than 5 years.

**18 Analysis of net assets between funds**

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total funds £
Fund balances at 31 March 2022 are represented by:				
Tangible fixed assets	4,623,436	-	483,948	5,107,384
Investments	4,024,193	-	-	4,024,193
Current assets	3,036,286	46,294	-	3,082,580
Current liabilities	(600,537)	-	-	(600,537)
Pension liability	(651,000)	-	-	(651,000)
<b>Total net assets</b>	<b>10,433,377</b>	<b>46,294</b>	<b>483,948</b>	<b>10,962,619</b>

The permanent endowment fund represents some of the assets of Princess Mary's Trust. See note 19d for comparatives.

**19 Comparative information relating to 2021**
**a) Consolidated statement of Financial activities**

		2021			
Notes	Unrestricted £	Restricted £	Endowment £	Total £	
<b>Income and endowments from</b>					
Donations and legacies	76,566	112,297	-	188,863	
Charitable activities	9,381,008	-	-	9,381,008	
Investments	24,681	-	-	24,681	
Other	12,833	-	-	12,833	
<b>Total income</b>	<b>9,495,088</b>	<b>112,297</b>	<b>-</b>	<b>9,607,385</b>	
<b>Expenditure on</b>					
Raising funds	145,516	-	-	145,516	
Charitable activities					
Therapeutic residential care	7,828,111	10,043	-	7,838,154	
Fostering	284,158	-	-	284,158	
Placement and family support	83,601	-	-	83,601	
Training	327,783	-	-	327,783	
<b>Total expenditure</b>	<b>8,669,169</b>	<b>10,043</b>	<b>-</b>	<b>8,679,212</b>	
Net income before investment gains	825,919	102,254	-	928,173	
Gains on Investments	365,987	-	-	365,987	
<b>Net income</b>	<b>1,191,906</b>	<b>102,254</b>	<b>-</b>	<b>1,294,160</b>	
Actuarial gains on defined benefit schemes	187,000	-	-	187,000	
<b>Net movement in funds</b>	<b>1,378,906</b>	<b>102,254</b>	<b>-</b>	<b>1,481,160</b>	
Total funds brought forward	8,096,595	384,710	483,947	8,965,252	
<b>Total funds carried forward</b>	<b>9,475,501</b>	<b>486,964</b>	<b>483,947</b>	<b>10,446,412</b>	

**19 Comparative information relating to 2021** (continued)**b) Analysis of total resources expended**

Basis of allocation		Raising funds	Therapeutics Residential care	Fostering	Training	Placement and family support	2021 Total
		£	£	£	£	£	£
<b>Costs directly allocated to activities</b>							
Staff costs	Direct	98,996	5,374,968	90,973	232,684	83,601	5,881,222
FRS 102 pension adjustment	Direct	-	122,000	-	-	-	122,000
Consultancy	Direct	-	16,113	42,270	-	-	58,383
Travel	Direct	-	104,180	1,275	3,575	-	109,030
Office costs	Direct	5,223	229,983	6,818	1,381	-	243,405
Marketing	Direct	(8,928)	6,701	792	-	-	(1,435)
Premises	Direct	-	337,092	16,168	-	-	353,260
Household	Direct	-	119,510	-	-	-	119,510
Provisions	Direct	-	147,825	-	-	-	147,825
Education	Direct	-	310,266	-	-	-	310,266
Personal care	Direct	-	70,020	-	-	-	70,020
Social activities	Direct	75	127,957	-	-	-	128,032
Other	Direct	-	45,215	10,690	30,145	-	86,050
Depreciation	Direct	-	174,243	-	-	-	174,243
Finance charges	Direct	-	653	-	-	-	653
Insurance, legal, professional	Direct	-	141,211	13,964	-	-	155,175
Audit and accountancy	Direct	-	23,871	-	-	-	23,871
<b>Total</b>		<b>95,366</b>	<b>7,351,808</b>	<b>182,950</b>	<b>267,785</b>	<b>83,601</b>	<b>7,981,510</b>
<b>Support costs allocated to activities</b>							
Premises and office costs	Staff time	19,696	29,545	9,848	29,545	-	88,634
Finance and HR staff	Staff time	24,515	367,712	73,542	24,514	-	490,283
Other	Staff time	5,939	89,089	17,818	5,939	-	118,785
<b>Total</b>		<b>50,150</b>	<b>486,346</b>	<b>101,208</b>	<b>59,998</b>	<b>-</b>	<b>697,702</b>
<b>Total resources expended</b>		<b>145,516</b>	<b>7,838,154</b>	<b>284,158</b>	<b>327,783</b>	<b>83,601</b>	<b>8,679,212</b>

**19 Comparative information relating to 2021** (continued)c) **Restricted income funds**

	Balance at 1 April 2020 £	Income for the year £	Expenditure for the year £	Capital spend £	Balance at 31 March 2021 £
Other projects	384,710	112,297	(10,043)	-	486,964
<b>Total</b>	<b>384,710</b>	<b>112,297</b>	<b>(10,043)</b>	<b>-</b>	<b>486,964</b>

d) **Analysis of assets between funds**

Group	Unrestricted funds £	Restricted Income funds £	Permanent Endowment fund £	Total funds £
Fund balances at 31 March 2021 are represented by:				
Tangible fixed assets	4,767,985	-	483,948	5,251,933
Investments	3,315,712	-	-	3,315,712
Current assets	2,482,047	487,629	-	2,969,676
Current liabilities	(729,909)	-	-	(729,909)
Pension liability	(361,000)	-	-	(361,000)
<b>Total net assets</b>	<b>9,474,835</b>	<b>487,629</b>	<b>483,948</b>	<b>10,446,412</b>

## Reference and Administrative Detail

<b>Charity name:</b>	Institute of Integrated Systemic Therapy
<b>Trading name:</b>	Childhood First
<b>Charity registration number:</b>	286909
<b>Company registration number:</b>	01708301
<b>Registered office and Operational address:</b>	210 Borough High Street, London SE1 1JX

### Board of Trustees:

The Trustees (directors of the company) during the year (and since the year-end) were:

Dr Henrietta Hughes OBE (Chair)  
Mr Jeremy Brier  
Ms Georgia Chataway - appointed 28 Sept 2021  
Dr Vinod Diwakar - appointed 8 July 2021  
Mr Matthew Fletcher  
Mr John Harrison  
Mr Scott Murdoch  
Mrs Patricia Phillips  
Mrs Sarah Scarratt  
Mr Sanjay Shah  
Mr Robert Shipton  
Mr Simon Villette - resigned 8 March 2022  
Mr George Viney

### Chief Executive

Gary Yexley

### Company Secretary

Greg Whelan - resigned 26 April 2022  
Michael Joseph - appointed 26 April 2022

### Senior Leadership Team

Gary Yexley (Chief Executive) – appointed 1 April 2021  
Michael Joseph (Finance & Corporate Services Director) - appointed 1 March 2022  
Lace Jackson (Clinical Director)  
Dan Lansley (Business Development Director) - appointed 1 May 2021  
Laura Park (Safeguarding and Compliance Director) - appointed 7 February 2022  
Robyn Bartram (Residential Services Director)

The senior leadership team were all in post at 13 December 2022

### Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

### Principal Bankers

Coutts & Co, 440 Strand, London WC2R 0QS.

The Trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 March 2022.